



## Caltrans Statewide Small Business Council Minutes of Meeting – March 17, 2006

Caltrans, Office of Civil Rights  
1823 14<sup>th</sup> Street, Room 207  
Sacramento, CA 95814  
Telephone: (916) 324-0449

### Statewide Council Members Present:

**Paul Guerrero**, California Small Business Entrepreneurs, Inc.  
**K.C. Chaudhary**, CELSOC  
**Eddy Lau**, Asian American A&Es, San Francisco  
**Rebecca Llewellyn**, WCOE  
**William Yang**, Asian-Am A&Es – So Cal  
**Ezekiel Patten**, Black Business Association  
**Raul Fernandez**, Filipino-Am Society of A&Es- So Cal  
**Jeffrey Lee Jackson**, American Indian Apprenticeship  
**Dennis Trinidad**, Small Business Advocate, Governor's Office  
**Johnathan Hou**, Asian Business Assoc.  
**Steve Sullivan**, CA DVBE Alliance  
**Diana LaCome**, National Concilio of America (NCA)  
**Alfred Quevedo**, Society of American Military Engineers (SAME)  
**Jordi Grant**, American SubContractors Association of California, Inc.  
**Sam Hassoun**, Global Leadership Alliance  
**Jordi Grant**, American Subcontractors Association California, Inc.  
**Julian Camacho**, Hispanic Contractors Association

### Caltrans Staff Present:

**Olivia Fonseca**, Chair  
**Angel Carrera**, Civil Rights  
**Janice Salais**, Civil Rights  
**Cris Galia**, DPAC  
**Steve Alston**, DPAC  
**Doug Goto**, DPAC  
**Sonny Smith**, District 7  
**Ruby Louie**, District 4  
**Deborah Robertson**, District 7  
**Pedro Orso-Delgado**, District 11  
**Kevin Pokrajac**, Local Assistance  
**Vicki Zuppan**, Local Assistance

### Caltrans Staff (Continued)

**Tony Tevares**, Local Assistance  
**Kris Kuhl**, Office Engineer  
**Tom West**, Project Manager, Strategic Growth Plan  
**Robert Padilla**, Civil Rights

### Guest Present:

**Pat Padilla**, Padilla & Associates  
**Sarah Davis**, GCAP Services

### ***Welcome/Introductions/Opening Remarks:***

Chair Fonseca began the meeting by welcoming and thanking all present for their attendance. Introductions were made around the room. Chair Fonseca recognized returning member Julian Camacho, representing Hispanic Contractor's Association, to re-introduce himself and identify the organization he represents and the Committee interests he has.

Councilmembers Trinidad and Perez had not arrived and recognizing Councilmember Hassoun was scheduled to leave early, Chair Fonseca made changes to the agenda and began with general announcements.

Chair Fonseca recognized District 11 Director, Pedro Orso-Delgado. District Director Orso-Delgado reported the D11 Procurement Fair on March 7, 2006 was successful. 109 companies and service providers attended and in the four hours of the event, approximately \$152,000 was transacted as a result. However, purchasing is still occurring. Representatives from District 7, 12 and 8 attended, as well as the San Diego Airport Authority, the City and County of San Diego and San Diego Area of Governments (SANDAG). He further reported that he would like to increase attendance by 10-15% over last year, utilize centralized purchasing, implement procurement fair every six months, and advertise more. Overall, the attendees provided feedback from an evaluation that rated the procurement fair as very good.

Councilmember Hassoun announced former Associated General Contractors, Executive Director Tony Grasso has been hired as Executive Director of San Bernardino Area Governments (SANBAG). Mr. Grasso was contracted by AGC and served as a Liaison to the Department while at AGC. Councilmember Hassoun reminded the Council with respect to the DBE Race Conscious Implementation Plan, AGC of California is conducting business as usual and will continue to support Director Kempton in this endeavor. AGC of San Diego, has altered their contracting position to advocate a race neutral position and this has caused a rift between the two organizations. AGC of California disagrees with this position and strongly supports the Department's race conscious implementation plan and will continue to encourage their membership to adopt the same.

Councilmember Hassoun announced its annual Construction Career Awareness Day to be held Wednesday, March 29, 2006 at Tiechert Construction Company in Sacramento, CA. The purpose of the event is to increase awareness in construction industry employment opportunities for workforce-aged students. From 650 attendees last year, over 1,300 Sacramento-area high schools students have signed up to attend a half day career exposition of construction industry recruiters and representatives.

Councilmember Guerrero reported on the *Connerly v. State Personnel Board (California Business Council for Equal Opportunity)* case. On March 2, 2006, the California Supreme Court reversed a judgement that it would contravene both statute and policy to allow amici curiae to be held liable to the prevailing party for attorney's fees in a "private attorney general" case. The court concluded penalizing amicus curiae for maintaining a presence in such a case would contravene judicial policy and the court held California Business Council for Equal Opportunity (CBC) could not be held for \$1021.5 fees.

**Council Action Needed: Councilmember Guerrero to forward the Connerly v. State Personnel Board article to CT Staff for Council distribution.**

Councilmember Llewellyn announced a Construction Exposition is scheduled for April 29, 2006.

**Council Action Needed: Councilmember Llewellyn will forward a flyer to CT Staff for distribution.**

District 7 Small Business Liaison Deborah Robertson announced District 7 is joining the National Association of Minority Contractor's to co-sponsor with local area credit unions a small business exposition on March 29, 2006 at the Caltrans District office.

Councilmember Lau announced that the Asian American Architects and Engineers (AAA) will host its annual membership Open House on Tuesday, March 28, 2006 at the R & G Lounge, 631 Kearney St., San Francisco, CA from 5:30 PM to 8:00 PM.

#### **ITEM # 4: Strategic Growth Plan (SGP) Update**

Tom West, Project Manager, reported that Governor Schwarzenegger has proposed the Strategic Growth Plan, part of which is a historic comprehensive transportation investment package that incorporates *GoCalifornia*, a mobility action plan designed to decrease congestion, improve travel times, and increase safety while accommodating future transportation demands from growth in the population and the economy. The ten-year cost estimate to achieve these reductions in congestion and expanded throughput is \$105.051 billion (capital and capital outlay support), plus \$2 billion for air quality improvements and existing impacts related to ports and goods movement. See Governor's Strategic Growth Plan, A Transportation Investment for Mobility (*GoCalifornia*) Report.

Councilmember Guerrero mentioned that the bond has levee repair language however the repairs do not go beyond Sacramento County and the delta needs levee repairs. He also indicated the Governor's office will need to take some action if Caltrans amends its DBE Program to race-neutral. Mr. West indicated he would share these two concerns with the Director.

Councilmember Patten asked whether the Corridor projects were state or federal funded. Mr. West answered the project is state funded and referred to the report for a proposed list of projects. He added only new funds beyond Proposition 42 funds are a part of between 12 and 19 legislative bills being proposed as a part of the Bond measure. Furthermore, while the Business, Transportation and Housing Agency provide guidelines, ultimately all funds go through the California Transportation Commission (CTC), who is responsible for performance, cost efficiency, and congestion relief.

District 11 Director Orso-Delgado stated that the project schedule for completion is very aggressive because rather than consider this one major construction project, it is actually designed for many small projects and should provide a great opportunity for the small business community. Mr. West agreed that projects would be incremental and its schedule could be aggressive because the project is not subject to environmental review. Councilmember Guerrero stated this project is designated as Design-Build and a flaw of Design-Build language is that it encourages bid peddling and bid shopping.

Councilmember Lau asked how the Bond funds would filter down to small business. He stated the language for these contracts should allow for small business goal enforcement because small business participation goals of 25% on state contracts are voluntary and not enforceable. Chair Fonseca stated these concerns of Design-Build and small business goal enforcement can be carried forward for consultation.

Councilmember LaCome asked what are the dollar sizes of the contracts and whether this information is in the report. Councilmember Guerrero added that because the definition of a small business is \$10 million per year, one contract would render the small business no longer small. Mr. West suggested that most of the large dollar contracts are for Information Technology (IT) hardware and labor. While "small" is a relative term, the bond component has set-asides for small contracts.

Councilmember Sullivan asked if the project would span over the period of more than one year. Mr. West answered that the Corridor Mobility project is not considered a mega project. Councilmember Lau said his concern is that there are no guidelines in the project to account for unbundling of contracts. District Director Orso-Delgado said the contacts will take 18 months to complete and in his District, the contracts will be broken down into smaller contracts (i.e. \$6-9 million) to expedite project completion. Councilmember Guerrero said small businesses couldn't get surety bonds for \$10 million. District Director Orso-Delgado suggested the small businesses should participate as subcontractors.

Councilmember Fernandez asked about A & E services and whether they would be performed in-house or contracted externally. District Director Orso-Delgado said in District 11, for example, some A & E services would be in-house and some would be contracted. Councilmember LaCome asked about the on-call consultant's list and whether any firms from that list were doing work in District 11 on existing contacts. Staff member Alston said there would no longer be on-call contracts and although the contract language will be amended, the project should be completed in 60 days.

Councilmember Sullivan asked if a portion was set aside to address environmental concerns. Mr. West stated that an assumption is made that the projects will not have an environmental impact. Councilmember Quevedo asked why only \$2.3 billion was designated for Inland Empire. Mr. West stated that to address congestion relief, the project list was generated by the Districts and they were given a very short period to respond. Councilmember Sullivan said only a fraction of the 10-year plan addressed mass transit and asked how the Department expected to decrease traffic congestion without a dramatic change in mass transit. Mr. West acknowledged that while a good question, the plan is highway centric. He admitted that in retrospect, the period should have been longer and in the future, this consideration will be addressed further. Councilmember Fernandez asked why the San Diego Corridor widening project was not on the projects list. Mr. West replied that it was not included because the State measures traffic congestion on a route of 35 minutes for 15 miles. Chair Fonseca thanked Mr. West for his presentation and invited him back over the next few months.

Councilmember Camacho commented that smaller contracts are the solution and that District Director Orso-Delgado can do that with our help. District Director Orso-Delgado agrees and adds that we must strike a balance to meet scheduling requirements. Councilmember Camacho suggested that political activism is necessary for true change to occur. Councilmember Quevedo also agrees that smaller contracts will help but bite-size contracts will stymie emerging companies and impede true growth.

## **ITEM #1: Approval of SBC Meeting Minutes**

### January 20, 2006 Meeting Minutes

Motion: Councilmember Fernandez.

Second: Councilmember Hou.

Approved by consensus.

### February 17, 2006 Meeting Minutes

Motion: Councilmember Lau

Second: Councilmember Chaudhary

Add to the Caltrans Staff present: Gene Shy

Approved by consensus.

## **ITEM #5: District Updates and Update on SR 125 Project**

**District 7:** Deborah Robertson announced the District Procurement Fair is scheduled for April 25, 2006. The Procurement Fair will be the District's fourth fair. The District will be participating in a small business exposition hosted by Assemblyman Pedro Nava on March 24, 2006 at the Ventura Crowne Plaza Hotel.

Sonny Smith distributed the April 25, 2006 Procurement Fair flyer. In the process of these procurement fairs, he stated the importance to the Department is collecting best or promising practices and outcome standards which can measure our performance.

Additionally, District 7 will co-host a monthly meeting of the National Minority Contractors' Association, Los Angeles Chapter with the California Bear Credit Union. During the meeting the District would provide a presentation regarding emergency contracting opportunities available.

Councilmember Hou reported on the District's Mentor-Protégé Program and thanked District Director Doug Failing and Alberto Angellini for their support. The Program had its first event in December 2005 and 40 companies attended to kick off the pairing stage. Last week, 11 large companies were matched with 11 proteges. The program is designed whereby a mentor can have multiple proteges but a protégé can only have one mentor. The purpose of the program is to build a qualified pool of small businesses and emerging companies. Councilmember Hou stated that an advantage of having this program at the District level is that there is less State control. While the program in District 7 is a pilot program, Councilmember Hou credits its success with the support and participation of the District. In answering Councilmember Sullivan's question about DVBE participation, Councilmember Hou replied that the program does not include a DVBE component.

**District 4:** Ruby Louie said she is encouraged by the progress of the Mentor-Protégé program in District 7 and is interested in using their model in District 4. Deborah Robertson, District 7, offered to help District 4 in any way possible, including sharing the template used for a Memorandum of Understanding (MOU).

Ms. Louie announced a Procurement Fair in District 4 scheduled for April 11, 2006. She stated she is looking for new formats and organizations to participate and expand sponsorship opportunities. Another idea is to include changing the time of day for the event to increase attendance. District 4 has agreed to host a membership drive to expand its Small Business Council and possibly add an additional small business outreach event in late April. Finally, the Self-Anchoring Suspension (SAS) Bridge project bid will be opened March 22, 2006.

**District 11:** District Director Pedro Orso-Delgado announced that a large media buy was held last week of newspaper advertisements of maps of anticipated large impact projects for the year in the District. Finally, Director Orso-Delgado announced plans to begin a Professional Services Committee in the District Small Business Council.

**Council Action Needed: District 11 Project Map to be sent to Robert Padilla for SBC distribution.**

**California Transportation Ventures (CTV):** Pat Padilla, representing the Developer of the SR 125 South Bay Expressway (SBX), reported on the Design Builder's (Otay River Constructors-ORC) recent awarded subcontracts and corresponding DBE participation commitments (*February 17, 2006 to March 16, 2006*) toward meeting their Overall Project DBE goals of 15% for the Gap/Connector and 12% for Toll Road Design Build Project.

The Table below delineates the recent award activity as reported:

<b>DBE Participation on Recently Awarded Subcontracts – Gap/Connector (G/C)</b>		
<u>Subcontract</u>	<u>DBE Firm</u>	<u>DBE Award Amount</u>
Pavement Delineation	Payco Specialties	\$148,500
Connector Electrical Package	Rose Supply Co.	\$95,000
Metal Beam Guard Rail	KRC Safety Co.	\$100,450
<b>Total Recent DBE Awards for Gap/Connector</b>		<b>\$343,950</b>
<i>Prior reported DBE goal deficit<sup>1</sup></i>	\$4,769,882	(4.4%)
Recent G/C Award	\$343,950 (-)	
<b>ORC's Current DBE goal deficit</b>	<b>\$4,425,932</b>	<b>(4.1%)</b>
<b>DBE Participation on Recently Awarded Subcontracts – Toll Road (TR)</b>		
<u>Subcontract</u>	<u>DBE Firm</u>	<u>DBE Award Amount</u>
Mainline Toll Plaza <sup>2</sup>	Dahl, Taylor and Associates	\$721,632
Pavement Delineation	Payco Specialties	\$346,000
<b>Total Recent DBE Awards for Toll Road</b>		<b>\$1,067,632</b>
<i>Prior reported DBE goal commitment<sup>1</sup></i>	\$29,708,743	
Recent TR Award	\$1,067,632 (+)	
<b>ORC's Current DBE goal commitment</b>	<b>\$30,776,375</b>	

## **ITEM #6: Statewide Committee Reports**

### COMMODITIES:

Councilmember Patten reported that the Committee would like to begin having quarterly meetings with the District Small Business Liaisons via conference call. See Action Item listing for the 2006 Commodities Committee goals and updates.

**Commodities Committee Action Needed: To add to the action item listing, host a videoconference meeting with all Caltrans Small Business Liaisons to obtain their support of the procurement fairs and brainstorm ideas to increase SB/DVBE participation.**

### PROFESSIONAL SERVICES:

Councilmember Lau reported the Professional Services Committee met Thursday, March 16, 2006 at 6:00 PM. The Committee met with Nigel Blampied who indicated the Department is close to announcing the new acceptable software to replace CAiCE. He indicated Councilmember Fred Jordan and Ed Dillard met with members of the Toll Bridge Oversight Committee to ensure future Bay Bridge projects/contracts have higher levels of DBE and SB participation. The committee has met with DPAC staff (Steve Alston) on Thursday afternoons prior to the SBC meeting. Councilmember Lau commented on how pleased the committee members are on the progress they have made and appreciates the professional cooperation of the DPAC staff. See Action Item listing for the 2006 Professional Services Committee goals and updates.

<sup>1</sup> As reported on Fourth (4<sup>th</sup>) Quarter DBE Attainment Report Summary disseminated on February 17, 2006 Small Business Council Statewide Meeting.

<sup>2</sup> Reported previously by Pat Padilla on February 17, 2006 Small Business Council Statewide Meeting. This subcontract was included in this report to show DBE goal commitment impact.

## CONSTRUCTION

Councilmember Llewellyn reported the Construction Committee met Thursday, March 16, 2006 at 6:00 PM and asked if the Texas Transportation Institute Study mentioned by District Director Orso-Delgado could be sent to the Committee. District Director Orso-Delgado agreed to do so. Councilmember Guerrero asked if the Department would oppose legislation proposed for the blue safety light, a topic of previous discussion by the Committee. Chair Fonseca said it is difficult to offer a position on legislation before it is introduced. She said once the bill is introduced, support or opposition would come from Agency (BT&H). District Director Orso-Delgado said he would offer this issue for discussion at the next Director's meeting. See Action Item listing for the 2006 Construction Committee goals and updates.

## DBE ANNUAL GOAL SUBCOMMITTEE

Councilmember Guerrero reported the Committee met Friday, March 17, 2006 at 8:00 AM. He said he and members of the SBC and the Lawyers Committee on Civil Rights met with the Director and Department Legal (Chair Fonseca, Councilmembers Jordan, and Lau). He suggested the Department seek to hire legal personnel that specialize in Civil Rights and Affirmative Action. He also suggested that the Department consider providing a directive and resources to developing a list of contractors that are *ready, willing and able* for goal setting methodology.

Councilmember Lau added that the issue of the City of Pasadena inserting Race Neutral language into their contracts and it was also discussed with the Director. His concern is whether this was a one-time amendment or will all future contracts be changed to reflect a Race Neutral program. Councilmember Lau also mentioned that Chapter 10 of the guidance manual for Local Assistance should be changed to reflect the Department's position on DBE annual goal. Councilmember Guerrero further indicated the Director stated that the AGC also shared concerns with the Department's prompt payment and project acceptance.

See Action Item listing for the 2006 DBE Annual Goal Subcommittee goals and updates.

## EXECUTIVE COMMITTEE

Council Chair Fonseca announced that the Executive Committee met with the Director on March 7, 2006 as referenced by Councilmember Guerrero.

## **ITEM #2: Governor's Office of Small Business Update**

Councilmember Trinidad reported that the Administration is optimistic that the Strategic Growth Plan Initiative will be placed on the November ballot. He also said that Education and the State's economy are very high on the Governor's priorities. He stated that his Plan for Small Business to the Governor is under review and receiving positive comments. Finally, Councilmember Trinidad reported that he is currently reviewing about 20 legislative bills that have or may have a regulatory impact on small business.

Councilmember Lau asked how the Governor's Strategic Growth Plan, the *GoCalifornia* Initiative would serve as a benefit to small business. He said since the State's goal of 25% small business participation, in his opinion, is not enforceable, can the goal be made a part of the SGP requirements. Chair Fonseca stated that as a function of the bond measure, letters sent by SBC members on this issue should go directly to the Governor.

### **ITEM #7: Public Comment/Good of the Order**

Councilmember Sullivan announced that DVBE Alliance will host its regional meeting Monday, May 1, 2006. Time and location to be determined and distributed.

Chair Fonseca reminded new members, Jordi Grant, Alfred Quevedo, and Julian Camacho that a February 17, 2006 SBC Action Item remains by which they need to select a Committee in which to participate in.

With regard to a February 17, 2006 SBC Action Item, staff is creating a Small Business Activities calendar. This calendar should include events such as procurement Fairs, District Small Business Council Meetings, District Outreach events, etc. Please submit any such activities to [Robert\\_Padilla@dot.ca.gov](mailto:Robert_Padilla@dot.ca.gov).

With regard to a February 17, 2006 SBC Action Item, a motion was made by Councilmember Lau and seconded by Councilmember LaCome to change the date of the SBC Meeting from May 19, 2006 to May 18, 2006 from 9:00 AM to 12:00 PM. Approved by consensus.

Councilmember Guerrero reminded everyone that he will host the June 15, 2006 Small Business Council Committee meetings at his home in Stockton. Council Chair Fonseca said coordination would be made with the District 10 Deputy Director to host the full Small Business Council the following day, June 16, 2006.

Chair Fonseca reminded Councilmembers that their participation in Committee activities is vital to the success of the Council. She encouraged members to attend Committee meetings and not simply attend the full Council meeting.

### **ITEM #3: Legislative Update**

Chair Fonseca tabled Item #3 for the April 21, 2006 meeting.

With no further business before the Council, the meeting adjourned at 12:15 p.m.

### **Next Meeting**

April 21, 2006.

### **Approved by:**

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**OLIVIA FONSECA**  
**Deputy Director**  
**Civil Rights**